

# THE COMMONWEALTH OF MASSACHUSETTS State Board of Retirement

ONE ASHBURTON PLACE, BOSTON, MA 02108-1607

## N E W S L E T T E R



Timothy P. Cahill

### Welcome to the Spring 2008 edition of the **Active Member Newsletter**

Spring is finally here, and with it comes the latest edition of the State Board of Retirement newsletter.

This issue has an update on the status of the state pension fund to which we all contribute. Last year the fund finished in the top 1% of public funds nationwide.

You can also read about the recent series of retirement seminars. Due to overwhelming demand, we will schedule even more seminars for the next series, covering all of Massachusetts.

Please keep an eye out for your annual statement that was mailed recently to all active employees. In this newsletter you will find information that will be valuable to you if you are leaving state service and need to make the difficult decision of what to do with your annuity savings account.

As always, if you have any questions, comments or suggestions for future newsletters, please do not hesitate to contact the State Board of Retirement.

On behalf of the State Board of Retirement, thank you for your service to the Commonwealth.

Timothy P. Cahill

Treasurer and Receiver General

The Commonwealth of Massachusetts



### STATE BOARD OF RETIREMENT

#### MEMBERS OF THE BOARD

##### Chairman

Treasurer Timothy P. Cahill

##### Elected Members

Ralph White

Theresa McGoldrick, Esq.

##### Appointed Member

Peter Koutoujian, Sr.

##### Chosen Member

Chris S. Condon

##### Executive Director

Nicola Favorito, Esq.

#### MAIN OFFICE

##### Address:

One Ashburton Place, Room 1219  
Boston, MA 02108-1607

##### Office Hours:

7:45 a.m. – 5:00 p.m. M–F

Phone: (617) 367-7770

Fax: (617) 723-1438

#### REGIONAL OFFICE

##### Address:

436 Dwight Street, Room 109A  
Springfield, MA 01103

##### Office Hours:

7:45 a.m. – 5:00 p.m. M–F

Phone: (413) 730-6135

Fax: (413) 730-6139

#### PHONE TOLL-FREE

1-800-392-6014 (Mass. only)

#### Automated Phone Options

Retirement Counselor ..... 1  
Disability ..... 2  
Survivor Benefits ..... 5  
Buyback ..... 6  
Withdrawal/Refund ..... 7  
Direct Deposit ..... 8

#### EMAIL

SRB@tre.state.ma.us

#### WEB SITE

www.mass.gov/treasury

### In This Issue

- |   |                                      |
|---|--------------------------------------|
| 1. Treasurer's Message                      | 3. PRIM Board Update                 |
|   | Pension Fund Overview                |
| 2. SMART Retirement & Beyond Seminar Update | 4. Options for Leaving State Service |
| Reminders/Important Dates                   |                                      |

## Our Members are SMART & Beyond

Over 1200 state employees registered for the second series of SMART Retirement & Beyond, evening retirement seminars done in collaboration with the Group Insurance Commission and the Social Security Administration.

Attendees received information on how to calculate their retirement benefits, how their pension can affect any social security benefits for which they may be eligible, as well as an overview of insurance benefits in retirement.

The next series of seminars will also include information on the SMART Plan, Massachusetts' Deferred Compensation plan.

Can't make it to a seminar? Retirement Board staff are willing to come to you! Simply ask your human resources representative to contact the retirement board and request a retirement seminar for your agency.

The retirement board also has counselors that do one-on-one counseling either in person or over the phone. Walk-in sessions are available at both our Boston and Springfield offices. ■



### Reminders

**Please notify your Human Resources coordinator of any change of address.**

#### Important Dates to Remember:

##### April

Thursday, April 17 | Retirement Seminar

Monday, April 21 | Patriot's Day (offices closed)

Thursday, April 24 | Board Meeting

##### May

Monday, May 26 | Memorial Day (offices closed)

Thursday, May 29 | Board Meeting

##### June

Tuesday, June 17 | Bunker Hill Day (offices open)

Thursday, June 26 | Board Meeting

### Estimate your Benefit

If you want to get a general idea of what your retirement benefit will be when you retire, there's no need to pull out your calculator. All you need to do is log on to our website and try out our **online pension calculator**.

The calculator will offer pension estimates for regular retirements under groups 1, 2, and 4 as well as calculations for the different retirement options available.

Go to [Mass.gov/treasury/srb.htm](http://Mass.gov/treasury/srb.htm) and click on pension calculator.

## PRIM Board Update: February 2008

The Pension Reserves Investment Trust (PRIT) Fund is a pooled investment fund established to invest the assets of the Massachusetts State Teachers' and Employees' Retirement Systems, and the assets of county, authority, district, and municipal retirement systems that choose to invest in the Fund. The PRIT Fund was created by the Legislature in December 1983. The nine-member PRIM Board is responsible for the management of the PRIT Fund. The Treasurer and Receiver General of the Commonwealth is a member ex officio and serves as the chair. The State Employees' Retirement System also has two representatives on the Board: the members of that Retirement System elect one and one is an Elected Member of the State Employees' Retirement Board.

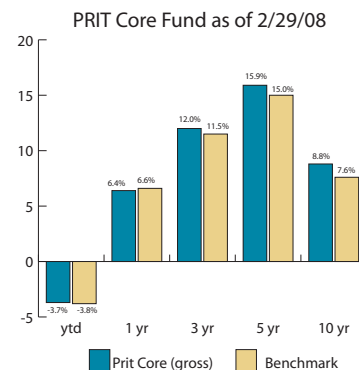
**\*Pension Reserves Investment Trust (PRIT) FUND ASSETS:**  
\$51,837,830,000

**\*State Employees' Retirement System (SERS) ASSETS:**  
\$21,544,529,979

To get more detailed information on the Pension Reserves Investment Management (PRIM) Board you can always go to the PRIM website to view their complete quarterly updates at [www.mapension.com](http://www.mapension.com).

Due to limited space, we can only provide a condensed version of their fund updates. (The TUCS ranking and the PRIT Core Fund graph represent two different time frames)

\*As of 2/29/2008



In The TUCS Rankings for **December Quarter 2007**, the PRIT Core Fund **ranked in the Top 1% of Public Funds Nationwide** (over \$1 billion in size) with a 9.89% annualized return over 10 years. For the recent year PRIM placed in the **5th percentile** with a return of 11.92%. For the 3-year period PRIM placed in the **1st percentile** (13.77%) & 5-years in **1st percentile** (16.33%).

**For more information about the PRIM Board, please visit their website at [www.mapension.com](http://www.mapension.com)** ■

## PENSION FUND IN TOP 1% OF FUNDS NATIONWIDE

*Reaches a record \$53.7 billion after 5th straight year of increases*

The state's pension fund grew by nearly 12% last calendar year. "This is great news for Massachusetts public employees, and underscores that a well diversified and disciplined investment program is the best way to navigate difficult financial markets," said Treasurer Cahill, who chairs the Pension Reserves Investment Management (PRIM) Board.

According to the Trust Universe Comparison Service (TUCS), the PRIT Fund's performance is in the top 5% for one year, and the top 1% over three and five and ten years, when compared to other public pension funds with a total market value greater than \$1 billion nationwide.

The PRIT Fund is also ranked 56th in the world in total assets according to Pension & Investments and 34th in the U.S. compared to both private and public pension funds.

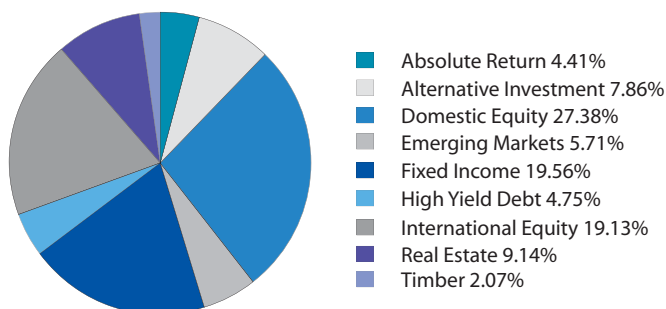
While the fund has faced a challenging first quarter, it is still outperforming the market. By comparison, the S&P 500 dropped 10.3% in the first quarter of 2008.

Since Treasurer Cahill took office, the PRIT Fund has almost doubled, growing from \$26 billion to over \$51 billion. ■

### PRIT Segmentation Recap – February 2008

Portfolio	Month	FYTD	1 year
PRIT CORE Total	0.25%	-0.64%	6.41%
Domestic Equity	-3.30%	-12.68%	-6.14%
International Equity	2.30%	-7.15%	1.21%
Emerging Equity	6.70%	6.61%	25.76%
Total Fixed Income	1.80%	13.70%	12.83%
Core Real Estate	-0.19%	3.75%	6.41%
*Absolute Return(net)	1.38%	1.02%	6.90%

PRIT Fund Core Asset Allocation  
As of February 29, 2008



\* Absolute Return is Net. All other segments are Gross returns. Timber and High Yield Debt sleeves are not available.

## Leaving State Service? Know Your Options

If you are an active member in the State Employees' Retirement System (SERS) and are considering leaving your job for any reason other than retirement, it's important to know the choices available to you regarding your annuity savings account.

Your annuity is the amount that you have contributed towards your pension through payroll deductions. The Board sends you a balance statement every spring to keep you informed of your account balance. Although *you cannot withdraw from this account for any reason while you are an active employee*, you have some options if you leave.

If you are not vested, you have the choice of leaving your money in SERS, rolling over your funds to another qualified retirement plan such as an IRA, or taking a refund of your money. If you leave state service to go work for another city or county within Massachusetts you must transfer your annuity to that retirement system.

Most members who leave their money in SERS believe they will one-day return to state service. You will be considered an inactive member and will be able to return to state service at the same contribution rate as when you left and you would not lose any earned creditable service.

You can also select a direct rollover of your account into an eligible retirement plan such as the SMART Plan or a traditional IRA. By choosing a direct rollover, your account will not be subject to income taxes or penalties until you take your money out of that plan. The Board will transfer your account directly into the new retirement plan upon your request.

If instead of the direct rollover you choose to have your account paid directly to you as a refund, your annuity becomes taxable and the Board is required to withhold 20% of the taxable amount as income tax. Also, if you are under age 59 ½ you are subject to an additional 10% penalty on the taxable amount.

By choosing to withdraw your funds by either a rollover or a lump sum refund you are also ending your rights to benefits provided through SERS.

Refer to the table below for a quick reference, and if the time comes for you to leave state service, make sure you make the choice that works best for you and your situation. ■



### Options for Your Annuity Savings Account - Which one is right for you?

Option	What happens to Annuity?	Tax Penalties?	Do you remain a member of SERS?
You Retire	Annuity returned to you with Pension over time	No	Yes
Rollover	Annuity transferred to eligible retirement account	No	No
Direct Refund	Annuity refunded directly to you in a lump sum	<b>Up to 30%</b>	No
Change Job to other City, County, or Municipality	Annuity transferred to new retirement system.	No	No
Leave Money in SERS	Annuity remains in SERS	No	Yes